

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6812]
[October 6, 1971]

Amendment and Proposed Amendment to Regulation Z

*To All State Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

Following is the text of a statement issued October 1 by the Board of Governors of the Federal Reserve System:

An amendment aligning the Truth in Lending Regulation with the present Federal holiday schedule was announced today by the Board of Governors of the Federal Reserve System. The amendment adds Columbus Day as a holiday for purposes of calculating the time in which certain credit transactions may be rescinded.

Regulation Z generally provides that the customer has three business days in which to rescind a transaction when a security interest is retained in his principal residence, except for a first purchase money mortgage. A business day is defined in the Regulation as any day except Sunday and Federal holidays. Columbus Day was added this year by law to the list of Federal holidays.

Enclosed is a copy of the amendment, effective October 1, referred to in the above statement. Additional copies will be furnished upon request.

Following is the text of a statement also issued October 1 by the Board of Governors:

The Board of Governors of the Federal Reserve System today proposed an amendment to its Truth in Lending Regulation that would permit creditors in making disclosures to disregard any variance in credit terms which would occur as the result of leap year. Comments should be submitted to the Board by November 15, 1971.

Printed on the reverse side is the text of the proposed amendment. Comments thereon should be submitted by November 15 and may be sent to our Consumer Information and Securities Regulations Department.

ALFRED HAYES,
President.

(OVER)

FEDERAL RESERVE SYSTEM

[12 CFR PART 226]

[Reg. Z]

TRUTH IN LENDING

Leap Year

1. Pursuant to the authority contained in the Truth in Lending Act (15 U.S.C. 1601 et seq.), the Board of Governors proposes to amend Part 226 (Regulation Z), in the manner and for the reasons set forth below:

Amend § 226.6 by the addition of a new paragraph (1) to read as follows:

§ 226.6 — General Disclosure Requirements

* * *

(1) *Leap year.* Any variance in the amount of any finance charge, payment, percentage rate, or other term required under this Part to be disclosed, or stated in any advertisement, which occurs by reason of the addition of February 29 in each leap year, may be disregarded, and such term may be disclosed or stated without regard to such variance.

2. The amendment would permit creditors to ignore any variance in terms which occurs as a result of leap year, and will facilitate the use of preprinted

disclosures without the need for the preparation of new forms solely as a result of leap year. In general any variance in terms caused as a result of leap year will be minor.

This notice is published pursuant to section 553(b) of Title 5, United States Code, and § 262.2(a) of the Rules of Procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2(a)).

To aid in the consideration of these matters by the Board, interested persons are invited to submit relevant data, views, or arguments. Any such material should be submitted in writing to the Secretary, the Board of Governors of the Federal Reserve System, Washington, D. C. 20551, or to any Federal Reserve Bank for transmittal to the Board, to be received at the Board not later than November 15, 1971. Such material will be made available for inspection and copying upon request, except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information.

By order of the Board of Governors, October 1, 1971.

Board of Governors
of the
Federal Reserve System

TRUTH IN LENDING

AMENDMENT TO REGULATION Z

Effective October 1, 1971, footnote 14 relating to § 226.9 is amended to read as follows:

SECTION 226.9 — RIGHT TO RESCIND
CERTAIN TRANSACTIONS

* * *

¹⁴For the purpose of this section, a business day is any calendar day except Sunday and those legal public holidays specified in Section 6103(a) of Title 5 of the United States Code (New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day).

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